

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2003-519

December 9, 2003

BANGOR HYDRO-ELECTRIC COMPANY  
Revisions to Terms and Conditions  
to Section 3 – Customers Installation

ORDER

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**I. SUMMARY**

We approve the revisions to Bangor Hydro-Electric Company (BHE) Terms and Conditions, Section 3 – Customer Installation, effective with the date of this order.

**II. BACKGROUND**

On July 15, 2003, BHE filed revisions to Section 3(K)(2) and 3(K)(3) of its Terms and Conditions. Section 3(K) states the terms and conditions for the maintenance of private line extensions and service drops, with 3(K)(2) including hourly rates for workers and material rates for a limited listing of materials. Section 3(K)(3) provides for a minimum charge for all services done under this section. BHE proposes to modify both sections to include transportation costs as an overhead charge instead of as a separate cost item. All other changes in this section reflect the current labor and other overhead costs that BHE incurs.

The Commission issued Suspension Orders #1 and #2 on August 12, 2003 and November 4, 2003, respectively. On November 13, 2003, the Hearing Examiner issued a Procedural Order setting up a technical conference for December 2, 2003.

At the December 2, 2003 technical conference, BHE clarified that these changes relate to maintenance work done on customer-owned private line extensions only and that this work is not extensive. They do not apply to the construction of line extensions.

**III. ANALYSIS AND DECISION**

BHE's rates included in this section had not been updated recently and the changes reflect its current costs. According to the response to Advisors' Data Request 1-1, BHE proposes to charge transportation costs as part of the regular construction overheads and not separately as it presently does for all other projects. BHE states that having the same overhead allocation methodology for all customer work and capital projects provides for a more efficient process, as two separate calculations are not computed and maintained and the record keeping burden for line workers and other field personnel is eliminated.

BHE also states that it updates its overhead rates at least annually to ensure proper cost allocation. If there were situations where BHE made significant changes to its operations, it would adjust overhead rates to reflect these changes. (Advisors' Data Request 1-4) BHE stated that, although it has not done so in the past, it plans on updating the tariff pages annually to reflect the changes in the overhead rates.

In response to Advisors' Data Request 1-8, BHE acknowledges that existing subsections 3-J and 3-L (which it does not propose to change in this filing) are not in compliance with Chapter 395 and that it will file its revisions to Section 5 and Section 3 of its terms and conditions prior to December 31, 2003.

BHE's proposed changes to Section 3(K)(2) and 3(K)(3) of its terms and conditions are reasonable and therefore, are approved. We

**O R D E R**

1. BHE's Terms and Conditions, Page 5(B) and Page 5(C), both Second Revision, filed on July 15, 2003 are approved effective with the date of this Order; and
2. BHE will file revisions to its terms and conditions to comply with the requirements of Chapter 395.

Dated at Augusta, Maine, this 9<sup>th</sup> day of December, 2003.

**BY ORDER OF THE COMMISSION**

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Welch  
   Diamond

COMMISSIONER ABSENT:              Reishus

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.